



CURRENCY

Committee on Financial Services

Michael G. Oxley, Chairman

For Immediate Release:

Contact: Peggy Peterson at 226-0471

Tuesday, December 11, 2001

Oxley, Bachus, Smith Receive Credit Industry Assurance on Late Fees Arising from Contaminated Mail Sites

In a press conference today, House Committee on Financial Services Chairman Michael G. Oxley (OH), Financial Institutions Subcommittee Chairman Spencer Bachus (AL), and Rep. Chris Smith (NJ) announced an agreement with financial services industry leaders that will protect consumers from late fees, increases in interest rates, and adverse credit reporting arising from attacks on the mail system.

“Today’s agreement will give credit card customers a break from late fees, increases in interest rates, and other adverse credit actions that arise when payments arrive late due to an attack on the mail system,” Oxley said. “I am pleased the industry took the initiative and proactively solved an important consumer problem that demanded immediate attention.”

Rep. Bachus said, “The bottom line is this agreement we’ve reached will protect consumers. It’s a reasonable solution to a new and very serious problem that can wreak untold damage on innocent American families through higher interest rates, harmful credit report information and late fees. I commend the credit card industry, the Postal Service, Congressman Chris Smith and all involved for doing the right thing for American consumers.”

The agreement will establish a four step process initiated by the Postmaster General and the credit industry, to include:

Notification of Mail Disruption: When the Postmaster General determines that there is a significant disruption of the mail resulting from a biological, chemical, or radiological attack, he or she will notify the House Financial Services Committee, the Senate Banking Committee, the federal bank regulators, the Conference of State Bank Supervisors, the

American Bankers Associations, and the Consumer Bankers Association, of the post offices and zip codes that are affected and estimates of the extent and duration of such disruption. The Postmaster General shall promptly notify the same entities when the disruption has ended.

Notification of Creditors: The federal banking agencies and banking trade association will promptly notify credit grantors, place announcements on their Web sites, and notify appropriate trade press that the Postmaster General has made such a determination.

Borrower Relief: Creditors will establish policies and procedures to address adverse impacts to borrowers – such as late fees, increase in APR, or adverse credit reporting – due to mail disruption caused by biological, chemical, or radiological attacks subject to the Postmaster General's notification.

Communication to Users: Upon notification, the industry trade associations will promptly work with news media in any affected location, through public service announcements and other means, to provide consumer education on how to address payment problems arising from the mail disruption.

“I am very pleased that the financial services industry has agreed to do what is right, and step up to the plate during this national crisis. They recognize that it is wrong to punish consumers whose payments were delivered late through no fault of their own,” Rep. Smith said. “This agreement by the banking industry to essentially implement the ideas behind my legislation provides substantial, meaningful assistance right now.”

####